



RANGELAND REFORM '94

*A Proposal to Improve Management of Rangeland Ecosystems
and the Administration of Livestock Grazing on Public Lands*



United States Department of the Interior
Bureau of Land Management
in cooperation with
United States Department of Agriculture
Forest Service



August 1993

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U.S. Department of the Interior
Mission Statement

As the Nation's principal conservation agency, the Department of the Interior has responsibility for most of our nationally-owned public lands and natural resources. This includes fostering sound use of our land and water resources; protecting our fish, wildlife, and biological diversity; preserving the environmental and cultural values of our national parks and historical places; and providing for the enjoyment of life through outdoor recreation. The Department assesses our energy and mineral resources and works to ensure that their development is in the best interest of all our people by encouraging stewardship and citizen participation in their care. The Department also has a major responsibility for American Indian reservation communities and for people who live in island territories under U.S. administration.



THE SECRETARY OF THE INTERIOR
WASHINGTON

August 9, 1993

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Dear Reader,

As many of you know, we conducted Grazing Town Hall Meetings this past spring to discuss livestock grazing and the overall management of public rangelands in the West. We heard the viewpoints of livestock operators, environmental organizations, elected officials, government representatives, scientists, local citizens and many others.

A number of concerns were raised at each of the meetings, and on these critical points, we are in solid agreement:

- Livestock grazing has a place on public lands as part of the diverse local and regional economies of the West.
- The American people expect their land to be managed to ensure environmental quality, health, sustainability and productivity.
- The Federal government should manage the public's land in a business-like way, ensuring a fair and reasonable return for the use of resources from that land.


Rangeland Reform '94 represents an effort to balance and integrate your concerns. At our request, the Bureau of Land Management (BLM) staff, with cooperation from several agencies, particularly the USDA Forest Service, developed what we believe is a fair and balanced rangeland reform proposal. It includes proposed changes in policy and regulations, Standards and Guidelines for livestock grazing in rangeland ecosystems, and a new grazing fee formula. The preliminary proposed changes to the regulations and the new grazing fee formula will be outlined in an Advance Notice of Proposed Rulemaking, to be published in the Federal Register later this week.

The public has already had substantial opportunity to affect this proposal. Thousands attended our Town Hall Meetings, and more than 1,300 people provided written comments in conjunction with those hearings. Our scoping period for the Draft Environmental Impact Statement has already resulted in more than 800 written comments. Nonetheless, that scoping period will be re-opened. A 30-day comment period for the Advance Notice of Proposed Rulemaking and the scoping period will run concurrently, beginning after the publication of Federal Register notices for both these actions.

We look forward to receiving additional comments and suggestions, and engaging in a dialogue that will lead to reform that is productive for both the land and the families who make their living on it. Based on this dialogue, we will craft a final package of regulatory and policy changes and put forth final methodology for calculating a Federal grazing fee in conjunction with the Secretary of Agriculture.

Please send written comments on the *Rangeland Reform '94* proposal to Michael J. Penfold, Assistant Director, Land and Renewable Resources; U.S. Department of the Interior, Bureau of Land Management; P.O. Box 65800, Washington, D.C. 20035-9998.

Sincerely,


Jim Baca
Director, Bureau of Land Management


Bruce Babbitt
Secretary of the Interior

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I. Introduction

A. Background

Brief History

The history of the use of rangeland is synonymous with the American West — colorful, wide-open, and largely uncontrolled. But the effect of uncontrolled use was dramatic. By the close of the last century, competition among livestock owners left much of the land depleted and exposed to the elements. Bitter winters and severe drought, combined with the deteriorating condition of the rangeland crippled the range livestock industry. By the early 1930's, it was abundantly clear that swift, decisive action was necessary to save the public land.

Although the USDA Forest Service began managing grazing on the Forest Reserves in the early 1900's, the public land administered by the General Land Office, and later by the BLM, went unregulated until 1934. In that year, the Taylor Grazing Act was passed to regulate livestock grazing on public land, marking a trend toward increasing Federal involvement in rangeland management. Under the Act, specific parcels of the Federal range were allotted for grazing use. At the same time, efforts were started to bring livestock numbers into balance with the sustained productive capability of the range.

It was not until 1976, less than 20 years ago, that Congress passed the Federal Land Policy and Management Act (FLPMA). FLPMA recognized these lands were a valuable national resource, capable of providing for a variety of uses, and should be retained in public ownership. FLPMA established the broad policy by which BLM land would be managed. In 1978, Congress went beyond FLPMA to focus attention on the Nation's rangeland by passing the Public Rangelands Improvement Act (PRIA). In passing PRIA, Congress acknowledged there still were problems after nearly half a century of Federal involvement in managing rangeland. Through PRIA, Congress concluded:

- Rangeland was still producing below its potential.
- Rangeland would remain in unsatisfactory condition - or decline even further - under present levels of funding and management.
- The unsatisfactory condition of the public rangeland presented a high risk for soil loss, siltation, desertification, water loss, loss of wildlife and fish habitat, loss of forage for livestock and other grazing animals, degradation of water quality, flood danger, and threats to local economies.

Much has changed in the 60 years since passage of the Taylor Grazing Act: urbanization, economic diversification, the growth of leisure activities, and a growing recognition both globally and nationally that the capabilities of our land and natural resources are not limitless.

However, some things remain the same. Many people continue to express concern about the condition of the public rangeland, as Congress did when it passed PRIA. The General Accounting Office (GAO) and Office of Inspector General (OIG) have both

produced several reports critical of BLM's rangeland program. Although the BLM has begun to address many of these concerns, much remains to be done. User groups representing all sides of the issues have produced reports, testified before Congress, and have been very active and vocal in expressing their concern for the condition of the rangeland and the direction of BLM's rangeland management program.

A Public Process

These same concerns were clearly expressed by the participants in Secretary of the Interior Bruce Babbitt's Grazing Town Hall meetings held throughout the West this past spring and summer. Hundreds of citizens attended the meetings, and more than 1,300 letters and written comments were received. A prominent theme expressed was the importance of protecting and restoring the condition of the public rangeland. In addition, there was discussion on the grazing fee and formula, and whether they should be continued as is or changed.

Discussion also focused on the economic importance of public resources to rural communities. The livestock industry has historically played a major role in the economy of the West. The BLM is challenged with providing a stable resource base and a reasonable return for the livestock industry, while recognizing the growing social and economic importance of other diverse resource values to rural communities.

More people hike, fish, and hunt on the public land than ever before. Recreation and tourism are among the fastest growing sectors of Western State economies. Congress has recognized in law the value of wilderness areas and wild and scenic rivers, the need to protect threatened and endangered species from extinction, and the rights of the public to expect clean air and water. Proper management of riparian areas, the "ribbons of green" in the West, is recognized as a critical issue that demands immediate attention. These issues reflect an increasing demand that the BLM ensure sustainability for the diverse uses and purposes of the public land. The public is also demanding accountability of public officials and agencies and policies that reflect a wise investment in our resources.

Scientific knowledge of natural resources and understanding of the interrelationship of humans with the environment has expanded greatly since 1934. Recognizing this, the BLM is using current knowledge and science to ensure that the condition of our rangeland improves, providing for diverse uses in an environmentally and economically sound manner.

B. Purpose and Need

BLM Stewardship

Rangeland managed by the BLM encompasses about 170 million acres of the total Federal ownership. Rangeland is defined by the Society for Range Management as "...a broad category of land comprising more than 40 percent of the earth's land area, characterized by native plant communities, which are often associated with grazing, and are

managed by ecological rather than agronomic methods.” Through a permitting system, approximately 17,800 grazing permittees, primarily in 16 Western States, use BLM rangeland “allotments,” or designated areas of use, for livestock grazing.

The purpose of *Rangeland Reform '94* is to carry out a rangeland management program to improve ecological conditions while providing for sustainable development. The proposed changes will enable the BLM to better manage public rangeland by ensuring proper functioning of rangeland ecosystems. This will maintain or improve biodiversity, while supporting other important uses. Improving the condition of riparian areas is of particular concern.

The concerns and needs addressed in this reform proposal include:

- Improving BLM grazing program administration through changes in regulations.
- Restoring and improving the ecological condition of the rangeland, including riparian areas, and managing for biodiversity and sustainable ecosystems through National Standards and Guidelines.
- Establishing a fair and equitable grazing fee through a change in the grazing formula and fee.

The need to improve grazing program administration and consistency with Forest Service procedures has been documented widely through GAO and OIG audits, interdisciplinary reports, and most importantly, public discussion. Specific policy and regulations are directed at reducing overall administrative costs and increasing program efficiencies.

Ecosystem Management

The most effective way to address the challenge of restoring rangeland ecological condition is to manage the land in accordance with the principles of ecosystem management. Transition from current management to ecosystem management requires a broadening of perspective and consideration of the total environment, not just one aspect of it. Management of individual components of ecosystems for immediate needs is balanced against management centered on long-term goals and objectives targeted to the entire ecosystem. Ecosystem management recognizes that people and their social and economic needs are an integral part of ecosystems.

Shifting to ecosystem management is a significant change in direction for the BLM and offers opportunities to enhance the resources it manages. Currently, efforts are underway to implement ecosystem management on all BLM lands, encompassing all resources and values. Applying ecosystem management principles is consistent with BLM's mission and direction under FLPMA, and contains a framework for coordination with other BLM programs: wildlife, fisheries, forestry, riparian-wetland, and recreation.

To accomplish the restoration of ecological condition, national Standards and Guidelines are being developed for livestock grazing to provide a basis for making consistent decisions and to allow prompt and measurable progress in improving ecological conditions.

In addition, some grazing administration policy changes will support restoration of ecological health on BLM rangeland.

President Clinton, Interior Secretary Babbitt, Agriculture Secretary Espy, and BLM Director Baca have expressed their commitment to establishing a reasonable grazing fee that provides taxpayers with a fair return for the use of public land. The question of what constitutes a reasonable and fair grazing fee has been discussed for years. Some have suggested that the fee is too low and that below-market fees contribute to overgrazing of public rangeland. Many permittees contend that fees charged for grazing on private land and Federal land are not comparable, since they often incur additional operating costs on Federal land that do not occur on private land leases. The proposed formula considers these differences.

The diverse concerns and needs outlined above are addressed through *Rangeland Reform '94*.

C. BLM/Forest Service Cooperation

There are sound reasons for seeking consistency between the BLM and the Forest Service. Both agencies administer immense tracts of Federal rangeland, often within the same geographic area. Local communities rely to some degree on both agencies for economic and social stability, and people want the two agencies to treat the land in the same careful way.

Both agencies are committed to achieving this consistency. Toward that end, the BLM and Forest Service will propose regulations for rangeland management, in addition to a new grazing fee formula.

The BLM and the Forest Service will publish separate Advance Notices of Proposed Rulemaking that reflect preliminary proposed changes in existing regulations, outline certain changes in policy being considered, and identify opportunities for public comment. Within the regulations, both agencies propose to use consistent terminology, consistent fee formula recommendations, and similar grazing permit requirements. Both agencies anticipate publishing their final regulations concurrently, but independently. The BLM has also published a Notice of Intent to Prepare an Environmental Impact Statement (EIS) with the Forest Service as a cooperating agency as set forth in that notice.

D. Relationship to Other Efforts

The *Rangeland Reform '94* initiative responds to several other ongoing or recently completed efforts.

During the past several years, both the GAO and the OIG have conducted several audits critical of the BLM's rangeland management program. These audits have addressed grazing lease activities, hot desert grazing, monitoring, range improvements, grazing fees and the grazing fee formula.

In 1991, the BLM Director asked the National Public Lands Advisory Council (NPLAC) to make recommendations to help guide the BLM's rangeland management program in the future. The NPLAC responded by creating a "Blue Ribbon Panel." The panel identified six primary issues for improving BLM's rangeland management in their "Rangeland—Program Initiatives and Strategies" report delivered to the Director in 1992. The Panel concluded that, "...foremost consideration needs to be given to protecting the basic rangeland components of soil, water and vegetation. Without assurances for the future well-being of these basic natural resources, there is precious little to squabble about."

An Incentive Based Grazing Fee Task Force was organized by the BLM in 1992 to consider methods for establishing a fair and equitable fee for Federal forage and to examine the feasibility of using fee credits to encourage public land stewardship. A draft of their study was presented to Secretary Babbitt in June 1993, and many of the suggestions in their report are incorporated in this *Rangeland Reform '94* proposal.

In June 1993, the Western Governors' Association drafted a resolution on grazing fees. It reiterates that a healthy livestock industry is essential to the Western States and acknowledges the current grazing fee formula results in a fee and in revenue that is not reflective of the value of the forage. They called for a fee structure in regulation or legislation which is predictable, affords stability to permittees, and is linked to credits for land stewardship .

The concept of sustainable development gained prominence at the 1992 United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro, Brazil. Simply stated, sustainable development would ensure the long-term viability of the world's economies by focusing attention on overall ecological health. The UNCED participants' goal was to ensure the adoption of sustainable development worldwide.

Rangeland Reform '94 responds to the needs expressed in these and other reports: the need to significantly improve management of public rangeland, establish a fair and equitable grazing fee formula reflective of the value of public land forage, and to improve administration of the rangeland management program.

E. Putting Reforms Into Effect

The Next Steps

On July 13, 1993, the BLM published a Notice of Intent to develop an EIS on the effects of rangeland management reform. The notice initiated the EIS scoping period by inviting participation of interested and affected parties. There was a high level of interest demonstrated by the comments received during the initial scoping period. In response to this interest, the scoping period will be reopened for an additional 30 days. At the same time, an Advanced Notice of Proposed Rulemaking will be issued which presents preliminary changes to the regulations. The comment period on the Advanced Notice of Proposed Rulemaking will run concurrently with the scoping period.

At the conclusion of these concurrent comment periods, the BLM will prepare a draft EIS and publish the Notice of Proposed Rulemaking outlining amendments to the regulations. These documents should be published this fall. Comments on both documents will be received during a concurrent 60-day comment period.

Based on these comments, a final EIS will be completed. Final decisions of the Secretaries and BLM Director will be reflected in a Record of Decision and final regulations.

Implementation

Once the Record of Decision is issued and regulations are finalized, the BLM Director will issue instructions to the field through formal Instruction Memoranda to begin implementation of these reform actions. Manuals and handbooks will be modified to reflect the changes in policy and regulations. The intent is to initiate these reforms as quickly as possible. Implementation of the new grazing fee will require revocation of the existing Executive Order and will be initiated no later than the 1995 grazing billing year. Early implementation of the Standards and Guidelines will be the highest priority.

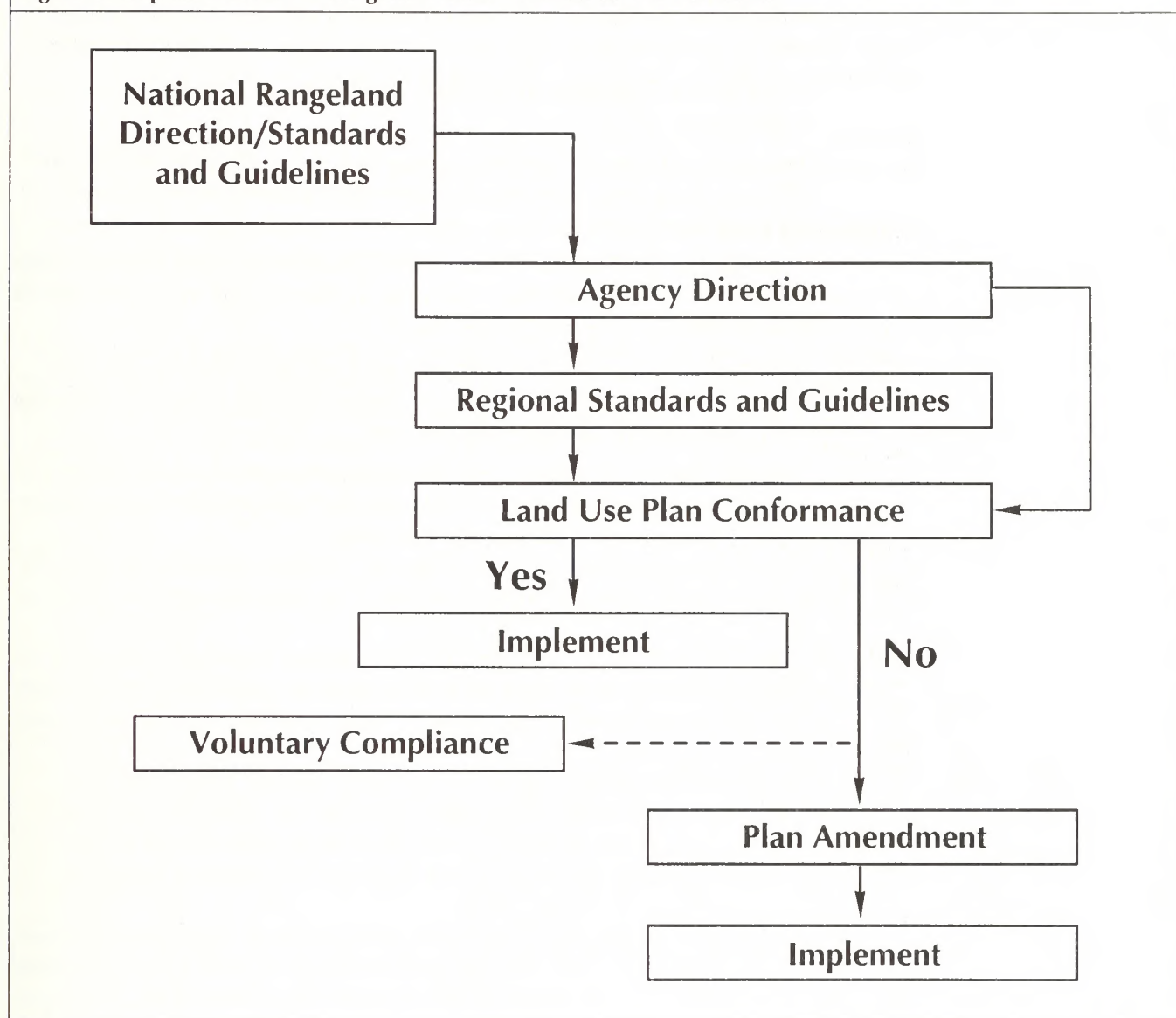
Implementing National Standards and Guidelines for Livestock Grazing in Rangeland Ecosystems

National Standards and Guidelines would be used to ensure livestock grazing occurs in a manner compatible with properly functioning ecosystems and consistent with the principles of ecosystem-based management. They would be implemented through existing policy and, when they are in conformance with land use plans, would be incorporated in grazing permits and leases. Annual grazing use and permit/lease renewal would be contingent upon the permittee's adherence to the Standards and Guidelines. Failure to comply with the Standards and Guidelines may result in reduction or cancellation of the grazing permit or lease.

Local plans would be amended when Standards and Guidelines are not in conformance (see Figure 1). Regardless of whether Standards and Guidelines are in conformance with land use plans, appropriate NEPA analysis will be conducted prior to implementation. This additional NEPA analysis will fully explore and disclose those site-specific or regional impacts not dealt with in this EIS.

National Standards and Guidelines would serve as the "umbrella" for supplemental regional Standards and Guidelines for areas such as the Great Basin, Pacific Northwest, Colorado Plateau, Northern Rockies/High Plains or the Black Hills of South Dakota. The regional Standards and Guidelines would be developed and applied where appropriate.

Figure 1: Implementation for Rangeland Reform Standards and Guidelines.



Actions at the Local Level

The following are actions needed at the local BLM level following national implementation:

- Information meetings and workshops will be held to discuss aspects of implementing new direction with all interested parties, permittees, local officials, and others.
- A systematic process to adjust permits and leases consistent with new regulation and policy will begin.

Introduction

- Some BLM land use plans may require amendment to incorporate national Standards and Guidelines, and reflect consistency with new rules and regulations.
- Formal Section 7 consultation with the U.S. Fish and Wildlife Service will occur as appropriate.
- Discussion to charter and establish the new BLM Resource Advisory Councils will begin, using advice and counsel of both existing grazing advisory boards and district advisory councils.
- A Federal grazing fee will be calculated based upon the new methodology as soon as data is available. Bills will be based upon the new fee with adjustments for the phase-in reflected in the final fee decision.
- Individual site evaluation and monitoring will begin bureauwide on a priority basis consistent with available resources. These efforts will establish priorities for implementing the rangeland reform program.
- BLM will develop a strategy for implementation of rangeland reform. Major problems and opportunities will be addressed first, and reasonable cost projections will be included in BLM budget discussions.

II. Proposed Changes in Policy and Regulations

A. Subleasing

Amend the regulations to levy and collect a surcharge for second party grazing use associated with base property leases and management leases on BLM-administered land.

Under the current grazing regulations, “subleasing” is defined as an illegal act wherein a permittee enters into an agreement that either allows a second party to graze livestock on the public lands without controlling the base property supporting the permit or lease, or allows livestock which he/she does not own or control to graze on the public lands. Control is defined as “being responsible for and providing care and management of base property and/or livestock.”

The proposed regulations will continue to prohibit subleasing as currently defined, and recognize two approved types of leases: base property leases and management leases.

In a base property lease, a permittee leases base property to another party, and the Federal permit is then transferred, upon approval of the BLM, to the base property lessee for the term of the base property lease. Base property is defined in the regulations as:

Land that has the capability to produce crops or forage that can be used to support authorized livestock for a specified period of the year, or water that is suitable for consumption by livestock and is available and accessible to the authorized livestock when the public lands are used for livestock grazing.

Under a management lease, also referred to as a pasturing agreement, a permittee is authorized by the BLM to contract with another party, to allow a second party’s livestock to graze on public lands under the terms and conditions of their permit or lease provided they certify that he/she “controls” the livestock.

One of the many concerns identified by the GAO and OIG regarding these types of leases is that permittees have unduly benefited by charging lessees rates higher than the government fee.

To ensure that the public receives a fair return from use of public forage, the proposed regulation would assess an annual surcharge of 20 percent of the annual grazing fee for Federal animal unit months (AUM’s) transferred to a lessee as a result of a base property lease, and 50 percent of the annual grazing fee for federal AUM’s involved in management leases. If both types of leases occur simultaneously, the surcharge would be 70 percent of the annual grazing fee. The proposed surcharge will be in addition to the annual grazing fee.

B. Unauthorized Use

Amend the regulations to provide regulatory authority for non-monetary settlements of unauthorized use where it is clearly unintentional, incidental in nature, causes no resource damage, and results in no substantial forage consumption.

Permittee control of livestock on the public lands is not always possible. In some cases, livestock control measures are ineffective for reasons outside the permittee's control.

When incidental unauthorized use occurs under the current regulations, formal trespass processing costs far exceed amounts received from settlement. A recent GAO Audit, "BLM Efforts to Prevent Unauthorized Livestock Grazing Need Strengthening" (GAO/RCED-91-17), released in December 1990 recommended that the BLM amend the grazing regulations to establish a procedure for resolving small unauthorized use incidents at the local level.

The proposed changes will allow BLM managers to make non-monetary settlement of incidental, unintentional, and unauthorized use occurrences where no resource damage occurs and no substantial forage is consumed by livestock. This policy will allow the BLM to resolve these cases in a fair and cost-effective manner. The BLM can then seek more effective and practical livestock control measures.

C. Affected Interests

Amend the regulations and establish a national policy to expand opportunities for citizen participation in the rangeland management program and to further define the processes and requirements for groups or individuals to become "affected interests."

The current grazing regulations define an affected interest as an "...individual or organization that has expressed in writing to the authorized officer concern for the management of livestock grazing on specific grazing allotments and who has been determined by the authorized officer to be an affected interest." The written request must include a statement of how their interest will be affected by the agency action; identification of the resource values and management actions of concern; and identification of the specific allotments or units for which they wish to be involved.

The levels of public involvement and opportunities provided for affected interests have lacked consistency among the various offices in the BLM. The proposed rule and policy would provide uniform guidance concerning public participation and would also establish criteria for identifying affected interests.

When approved under the new policy, affected interests could participate in:

- a. Activity planning in allotment management plans including setting objectives, determining grazing prescriptions, identifying and locating range improvements, and developing monitoring and evaluation plans and schedules.

- b. Decisions and agreements related to establishing or modifying the terms and conditions of grazing permits or leases.
- c. The analysis, interpretation, and evaluation of monitoring data, including determinations for permit/lease modification and revising activity plans.

D. Conservation Use and Temporary Non-use

Amend the regulations so that permittees may apply for up to ten consecutive years of conservation use of a permit or lease.

Conservation use is a form of authorized use to promote resource protection or enhancement, including progress toward achieving resource condition objectives. Conservation use must be consistent with land use plans. Once approved, the permittee would not need to apply annually for conservation use for the duration of the permit term. The AUM's included in conservation use will not be available for allocation to other applicants.

Permittees may also apply for and be granted up to three consecutive years of temporary non-use for financial hardship or other reasons related to a permittee's personal convenience, at the discretion of the authorized officer. Permittees must apply for temporary non-use annually.

E. Suspended Non-use

Amend the regulations to eliminate the suspended non-use AUM's from permits and leases as they expire or are transferred.

"Suspended non-use" is a term used to designate AUM's that were once authorized for grazing but have been determined to be unavailable through a formal decision or agreement. Suspended non-use, where it exists, is retained on allotment records and is shown on the permit or lease. It originated during the late 1940's when the BLM initiated range surveys to allot livestock forage and balance it with rangeland capability. The over-obligated AUM's were placed in suspended non-use in lieu of wholesale elimination where it was determined that the forage demand exceeded the capability or carrying capacity of the land.

Although BLM managers once believed that suspended AUM's could be recovered through range improvement practices, few suspended AUM's have been restored to active use. Therefore, suspended non-use will be eliminated as permits and leases expire or are transferred.

F. Forage Allocation

Amend the regulations to allocate additional available forage on the basis of a permittees or applicant's past performance in addition to the criteria in current regulations.

Proposed Changes in Policy and Regulations

Currently, when additional forage is allocated for livestock grazing, permittees in the allotment who have suspended non-use AUM's receive first priority or "preference." If no permittees in the allotment have suspended non-use, the priority for allocating the additional forage is based on the following three criteria:

1. Each permittee's proportion of the contribution or efforts which resulted in increased forage production.
2. Each permittee's proportion of the total amount of authorized use in the allotment.
3. Other applicants who qualify under the provisions of the regulations.

The proposed regulation would add an additional criterion for the allocation of additional forage.

4. A permittee's or applicant's demonstrated performance and compliance with the regulations and terms and conditions of previously or currently held permits or leases.

With the proposed elimination of suspended non-use AUM's, the application of the new criterion, in addition to criteria in current regulations, will become more important. If additional forage is available, the new criteria may be the deciding factor in who receives additional AUM's.

G. Full Force and Effect Decisions

Amend the regulations to give BLM managers broader authority to implement decisions in full force and effect and exempt certain administrative actions from the appeals process.

A decision placed in full force and effect is one that is implemented while an appeal is pending. The current grazing regulations allow managers to place decisions in full force and effect only in an emergency to stop resource deterioration.

On February 18, 1993, the Department of the Interior issued a special rule which provides that all final decisions are full force and effect decisions while an appeal is pending unless an agency rule is in force. The BLM has such a rule. The current language in the grazing regulations, which provides for placing decisions in full force and effect only in an emergency to stop resource deterioration, limits the Departmental rule.

The BLM proposes to follow the Departmental rule without exception and revise the regulations to exempt certain minor administrative actions from the appeals process. The Departmental rule provides:

- A decision will be in full force and effect upon expiration of a 30-day appeal period.

- An appellant may file a petition with the Office of Hearings and Appeals (OHA) to stay the effect of the decision pending outcome of the appeal.
- The OHA must review the petition and rule on a stay within 45 days of the date the appeal is filed. (A petition for stay could provide a maximum 75 day period before final decisions take affect.)

H. Disqualification

Amend the regulations to prohibit permittees or lessees from holding a BLM grazing permit or lease for up to three years if they have had permits previously canceled due to violations of Federal grazing regulations.

The BLM proposes to require applicants for BLM permits or leases to have a satisfactory performance record in addition to meeting the other requirements of the current regulations. Applicants may be denied a permit or lease if they or their affiliate(s) have had Federal grazing permits canceled.

I. Prohibited Acts

Amend the regulations to make violations of Federal and State laws or regulations concerning conservation or protection of natural and cultural resources or environmental quality a prohibited act.

Under the proposed amendment, violations of environmental laws or regulations would be a prohibited act. Penalties for committing a prohibited act could include cancellation or suspension of permits or leases.

J. Permit or Lease Tenure

Amend the regulations to provide for consideration of a permittee's demonstrated performance when determining permit or lease tenure.

Currently, grazing permits and leases are issued for a ten-year term unless (1) the land is pending disposal, (2) the land will be devoted to a public purpose which precludes a ten-year period or, (3) it is in the interest of sound land management to specify a shorter term.

The BLM proposes to determine permit or lease tenure based on a permittee's demonstrated rangeland management performance. A 10-year permit would be issued if a permittee has complied with permit terms and conditions, including Standards and Guidelines, and maintenance of range improvements.

A permit of 5 years or less would be issued when it is in the interest of sound management to specify a short-term, or in the event that a permittee is not in substantial compliance with permit terms and conditions, or when the permittee is a new applicant.

K. Advisory Boards and Councils

Amend the regulations to eliminate Grazing Advisory Boards and District Advisory Councils. Within the provisions of FLPMA, establish and charter Resource Advisory Councils.

Today, there is an acute need to move towards management directed at maintaining or restoring healthy, sustainable ecosystems. To make this transition, the BLM must rely on constant advice and feedback from a wide array of viewpoints on how to holistically apply the best available science. Advisory bodies are required that represent a broad range of interests, experience, and expertise, and that can provide focused, consensual advice and recommendations for achieving healthy, sustainable ecosystems.

The Resource Advisory Councils will be the subject of a new national charter yet to be developed. Advice will be sought from existing Grazing Advisory Boards and District Advisory Councils on the details and substance of the new charter. The new Resource Advisory Councils would then replace the existing boards and councils as they expire.

While the Secretary will appoint members to the Resource Advisory Councils, independent nominations would be used to place members before the Secretary. For example, it would be expected that State Game and Fish Commissions would nominate a member, as would local livestock interests. Each State Governor would recommend one or more individuals to a place on each council, as would environmental organizations. The 10-15 member council makeup might vary from area to area based upon local and regional issues, but balanced and independent viewpoints would be ensured in all cases. The following would constitute a minimum array of represented interests:

- At least one elected State or county official
- State and local government
- Basic sciences (vegetation, soils, water, wildlife, etc.)
- Commodity interests (livestock grazing, minerals, recreation, timber, etc.)
- Amenity interests (sportsmen/sportswomen, hikers, etc.)
- Environmental interests
- Tribal governments, where applicable

Resource Advisory Councils may advise Federal land management agencies in a designated geographic area. Resource Advisory Councils will have 10 to 15 members, which is consistent with Section 309(a) of FLPMA. The proposed policy will allow the BLM (and other Federal land management agencies as appropriate) to charter and share Resource Advisory Councils. Two or more Resource Advisory Councils will be established for the area within the jurisdiction of each BLM State office.

L. Range Improvement Funds

Amend the regulations and policy to broaden the use of Range Improvement Funds and exercise greater opportunities in the distribution of Range Improvement Funds.

Range Improvement Funds are monies generated by the fees received for public land grazing that are available to the BLM for rangeland improvement. Section 401(b)(1) of

FLPMA directs that 50 percent of all grazing fees collected be used for on-the-ground rehabilitation, protection, and improvements. FLPMA further directs that one-half of this money is to be returned to the grazing District of origin and the other half distributed at the Secretary of the Interior's discretion.

Current policy provides that all available Range Improvement Funds be returned to the BLM District of origin. Range Improvement Funds are currently used strictly for on-the-ground range improvements, and are not to be used for project planning, design, contract preparation, maintenance, water filing, and easement acquisition. This policy requires funds from other programs, which are chronically short, to be used to support funding for implementation of range improvement project work.

The proposed policy will allow the use of Range Improvement Funds for project planning, layout and design, contract preparation, installation, easement acquisition, inspection, maintenance, modification, and monitoring/evaluation of the effectiveness of range improvement projects in meeting resource condition objectives. The Secretary will exercise greater flexibility over the use of the Range Improvement Funds under his discretion.

M. Range Improvement Ownership

Amend the regulations to provide for Federal ownership of all future permanent improvements on public land.

The BLM proposes that the public hold title to all future permanent range improvements constructed on the public lands. BLM will recognize the financial interests of permittees and other contributors in the improvement. This policy will not affect existing range improvements.

N. Water Rights on Federal Lands

Amend the current policy and regulations to provide for the BLM to file and hold sole title to water rights associated with future public land range improvements.

In 1982, the BLM established a revised stockwatering policy for grazing allotments on public land. That policy was further amended in the 1984 BLM Water Rights Manual. The policy allows grazing permittees to file for and hold sole title to water rights for stockwatering developments. The intention was to encourage permittees to develop water sources to improve livestock distribution and forage use on grazing allotments, while augmenting scarce construction funds available for grazing system improvements.

There has been considerable controversy surrounding the policy since its inception. Numerous problems have occurred in attempts at implementation. Several states have policies or statutes which are in direct conflict with the BLM policy and will not allow parties other than the actual land owner to hold the water right.

Proposed Changes in Policy and Regulations

Public perceptions of the proper use of public resources, including water, are undergoing significant changes. Non-traditional water uses including recreation, wildlife, and maintenance of riparian condition are also recognized as beneficial. The BLM is required under FLPMA to manage public land for multiple uses, and these uses are subject to change with time.

In consideration of the above, the proposal is to adopt a policy whereby the BLM, in the name of the public, will assert its claim and exercise its right to water developed on the public land to benefit the public lands and its resources. This policy will not affect ownership or rights currently held in a range improvement permit or a State certificate of water right. This proposal would bring BLM's water rights policy in line with that of the Forest Service.

III. Proposed National Standards and Guidelines for Livestock Grazing in Rangeland Ecosystems

A. Introduction

The BLM proposes to integrate a series of Standards and Guidelines into its national direction for livestock grazing in rangeland ecosystems. These are minimum conditions BLM will require to ensure ecological health and conditions concurrent with livestock grazing. BLM's goal for rangeland management and these Standards and Guidelines provide direction and authority to local managers.

While the emphasis in this initiative is on livestock grazing, it is clearly the broader landscape that is the foundation of this approach. It recognizes that national Standards and Guidelines are a minimum, and that regional Standards and Guidelines will be more appropriate in many situations.

The fundamental responsibility of the BLM is to manage sustainable, healthy, productive ecosystems to meet the Nation's environmental, social, economic, aesthetic, and cultural needs. To achieve this, the BLM is developing ecosystem-based approaches to managing public rangelands that safeguard the sustainability of biological systems. Sustainable ecosystems provide biodiversity, habitat for fish and wildlife, clean drinking water for communities, and healthy and productive public rangelands.

Livestock grazing on public lands is an important part of BLM's mission. The Standards and Guidelines reflect principles already being successfully practiced in certain areas of the West, while they may make substantial changes to current grazing activities and practices in others. The changes will help to secure a viable future for both individual operators and the industry as a whole; however, some operations will be adversely affected. In those cases where livestock grazing is detrimental to the health of the ecosystem, grazing must be modified or eliminated. The adjustments called for are in the best interest of ecological sustainability, biodiversity, and society as a whole, which ultimately is in the best interest of the livestock industry.

The minimum information needed to determine properly functioning condition of the ecosystem components is contained in the three checklists at the end of this section. The steps that will be taken to implement the Clean Water Act are also provided.

The Standards and Guidelines apply to individual allotments and permittees. However, the intent is to evaluate overall rangeland management issues on larger ecosystems. Watersheds are one major landscape management unit providing biological, social, economic, and other values. The measurable and manageable components of watersheds equate to elements of ecosystem function, including water cycle, energy balance, and biological diversity. Watersheds are made up of interdependent aquatic, riparian-wetland, and upland components that, when functioning properly, capture, store, and safely release moisture; support biological diversity; and help meet social and economic needs.

Implementing the Standards and Guidelines

The national Standards and Guidelines provide policy-level direction for management of livestock grazing within the rangeland ecosystem.

Emphasis will be applied to areas that are in need of improvement. Activities preventing ecosystem health will be modified or terminated, while activities promoting the achievement of ecosystem health will be implemented. The key points are that (1) properly functioning condition is the BLM's minimum acceptable standard, and (2) ecological health including biodiversity and sustainability is the BLM's ultimate goal. Livestock permits will now be issued with terms and conditions that must be adhered to that incorporate these Standards and Guidelines.

All Standards and Guidelines in conformance with existing land use plans will be incorporated into current management practices. Plans will be amended when Standards and Guidelines are not in conformance, but actions could be implemented where there is voluntary compliance by permittees. Land use plans prepared after the adoption of these Standards and Guidelines will be in conformance. In all cases, decisions and management actions will be monitored and analyzed and management changes made.

Integrating Standards and Guidelines for the BLM rangeland management program is a tiered process. The national Standards and Guidelines will be mandatory. Regional Standards and Guidelines will be developed as appropriate to ensure that significant values on the local and regional level, which cannot be treated by national direction, will be addressed. Regional Standards and Guidelines may address values such as waterfowl habitat, essential habitat for bighorn sheep and elk, neotropical migratory bird habitat, riparian-wetland conservation areas, salmon spawning areas, and high-use recreation areas such as wild and scenic rivers.

When rangelands are healthy and functioning properly, management will focus on achieving sustainable productivity of ecosystems.

Goal for Rangeland Management

The BLM's rangeland management goal is to achieve and maintain healthy, sustainable rangeland ecosystems and to provide for long-term needs of society.

The Standards and Guidelines supplement other BLM policies for rangeland management, providing national direction and priority. Grazing management practices will be implemented to accomplish the applicable goals and objectives of the BLM's Riparian-Wetland Initiative for the 1990's, Fish and Wildlife 2000, Recreation 2000, and specific plans tiered from these and other plans. Requirements of other applicable laws are incorporated by reference and are not included as specific Standards and Guidelines. The Standards and Guidelines are categorized to apply to all components of rangeland ecosystems, the upland component, the riparian-wetland component, and the aquatic component.

B. Standards and Guidelines for General Application to All Components of the Rangeland Ecosystem

1. Grazing management practices will be implemented that will ensure the recovery of threatened or endangered species, prevent species listed by the Fish and Wildlife Service or National Marine Fisheries Service as Category 1 or 2 from becoming threatened or endangered, and prevent other special status species from being considered for listing under the Endangered Species Act.
2. Grazing management practices (e.g., best management practices), will be implemented through terms and conditions of permits and leases, that maintain or restore water quality needed to protect and enhance beneficial uses and that meet or exceed State standards for the protection and propagation of fish, shellfish, and wildlife; and provide for recreation in and on the water.
3. Grazing schedules will include period(s) of rest during times of critical plant growth or regrowth. The timing and duration of rest periods will be determined by the local office administering the grazing authorization.
4. Grazing use will be adjusted before the next grazing season where it is visually obvious or where monitoring data reveal that key resources or watershed functional requirements are not being met because of livestock overuse.
5. Continuous season-long grazing will be authorized only when it has been demonstrated to be consistent with achieving properly functioning condition and meeting identified resource objectives.
6. Pesticides will be used on rangeland only when less intensive management practices have not produced the desired results, where target species are well defined, and where there is minimal risk to nontarget species.
7. Terms and conditions of each permit or lease will include season(s) of use, livestock numbers, kinds of livestock, deferment, rest, or other strategies that maintain or restore vegetation communities required to achieve resource objectives.
8. Development of springs and seeps or other projects affecting water and associated resources will be designed to maintain or enhance ecological values of those sites.
9. Mineral, protein, and other supplements will be placed at least 1/4 mile from riparian-wetland areas.
10. Wells will either be drilled at least 1/4 mile from riparian-wetland areas, or the water from wells will be made available to livestock at least 1/4 mile from riparian-wetland areas.
11. Grazing will be authorized on ephemeral (annual and perennial) rangeland only if valid estimates of production have been made, an identified level of annual growth to remain onsite at the end of the grazing season has been established, and adverse affects on perennial species will be avoided.
12. New livestock management and holding facilities (except fences) will be located outside riparian-wetland areas.

13. Riparian-wetland management objectives will be met where existing livestock management and holding facilities are located inside riparian-wetland areas. Where objectives are not being met, appropriate action will be taken which may include relocation or removal of the facilities.
14. Utilization or residual vegetation targets will be applied that will:
 - a. Improve or restore both herbaceous and woody species (where present or potential exists) to a healthy and vigorous condition and facilitate the ability of vegetation to reproduce and maintain different age classes in the desired riparian-wetland and aquatic plant communities.
 - b. Leave sufficient vegetation biomass and plant residue (including woody debris) to provide for adequate sediment filtering and dissipation of stream energy for bank protection.

C. Standards and Guidelines for Unhealthy Ecosystems

The following additional Standards and Guidelines apply to situations where the ecosystems are in poor health, not functioning properly, or are susceptible to degradation.

Riparian-Wetland and Aquatic Components

Properly functioning condition is necessary to dissipate stream energy, improve water quality, aid floodplain development, improve water storage, stabilize streambanks, and develop diverse ponding and channel characteristics, thereby providing greater biodiversity.

Upland and riparian-wetland areas influence aquatic resources, therefore management of grazing must be integrated with the management of the entire watershed. Achieving proper functioning condition and desired plant communities in riparian-wetland areas and uplands contributes the physical and biological characteristics necessary to restore and maintain aquatic habitat. The aquatic component serves as a natural link between the different components of the watershed.

Not Functioning Properly

1. Streambank damage by livestock will be limited to less than 25 percent of the linear length of a stream segment, for example, 10 feet on one bank and 15 feet on the other bank of a 100-foot section of stream.
2. Livestock access to the aquatic zone will be prevented in those seasons and areas where continued grazing would damage important resources, such as spawning areas for salmonids.
3. Grazing management structures within the normal high water line causing deterioration of aquatic areas (e.g., dams, diversions, road crossings) will be removed or modified.

Functioning but Susceptible to Degradation

1. Livestock grazing use will be adjusted and livestock grazing practices implemented to achieve properly functioning condition and desired plant communities.
2. Livestock use will be adjusted to allow aquatic systems to achieve physical parameters necessary for desired biotic communities.

Upland Component

Uplands are commonly the largest component of the watershed. Most precipitation enters the watershed via uplands, so the condition and treatment of uplands directly affect the health and functioning of the rangeland ecosystem.

Not Functioning Properly

1. Livestock grazing will be adjusted, which may include total rest, to ensure proper functioning condition is reached where key resources or watershed functional requirements are not being met.
2. Range improvement projects will be limited to those that resolve a resource problem and contribute to achieving properly functioning condition.
3. Land treatment solely oriented toward meeting livestock forage requirements will be discontinued.

Functioning but Susceptible to Degradation

1. Grazing management practices that will improve the uplands to properly functioning condition will be implemented.
2. Livestock grazing will be adjusted (season of use, duration, timing, numbers, etc.) when monitoring shows the use is incompatible with reaching properly functioning condition.
3. Range improvement projects will be limited to those that resolve a resource problem and contribute to properly functioning ecosystems.

D. Implementation Steps for the Clean Water Act

This section outlines the steps necessary to meet the requirements of the Clean Water Act. The seven steps below need to be followed to select appropriate Best Management Practices (BMP's) and to protect water quality in grazing management. They constitute the Federal non-point source water pollution control strategy. If followed, they will ensure compliance with the Clean Water Act and State water quality requirements.

1. Identify the State-designated beneficial uses for the waters on the area to be grazed.
2. List the water quality standards that must be reached or maintained.

3. Establish objectives to reach or maintain the water quality standards.
4. Implement BMP's grazing strategies and actions to reach the objectives.
5. Monitor BMP's and document if they are being implemented.
6. Monitor and determine if BMP's are effective in meeting objectives.
7. Make changes in management and BMP's if objectives are not being met.

It is not possible to monitor water quality on all areas grazed by livestock. Representative areas can be established to monitor turbidity, temperature, dissolved oxygen, fecal coliform, and pH to verify the effectiveness of BMP's.

E. Checklists

The following checklists are examples of methods that can be used to determine the condition of watershed components. These checklists can be supplemented with local criteria as necessary and appropriate.

Standard Riparian-Wetland Functional Checklist			
Name of Riparian-Wetland Area:			
Date:		Segment/Reach ID:	
Miles:		Acres:	
ID Team Observers:			
Yes	No	N/A	
Hydrologic			
			Floodplain is inundated in "relatively frequent" events (1-3 years).
			Active/stable beaver dams are present.
			Sinuosity, width/depth ratio, and gradient are in balance with the landscape setting (i.e., landform, geology, and bioclimatic region).
			Riparian zone is widening.
			Upland watershed is not contributing to riparian degradation.
Vegetative			
			Diverse age structure of vegetation is present.
			Diverse composition of vegetation is apparent.
			Species present indicate maintenance of riparian soil moisture characteristics.
			Streambank vegetation is composed of those plants or plant communities that have root masses capable of withstanding high streamflow events.
			Riparian plants exhibit high vigor.
			Adequate vegetative cover is present to protect banks and dissipate energy during high flows.
			Plant communities in the riparian area are an adequate source of coarse and/or large woody debris.
Erosion Deposition			
			Floodplain and channel characteristics (i.e., rocks, coarse and/or large woody debris) are adequate to dissipate energy.
			Point bars are revegetating.
			Lateral stream movement is associated with natural sinuosity.
			System is vertically stable.
			Stream is in balance with the water and sediment being supplied by the watershed (i.e., no excessive erosion or deposition).

Proposed National Standards and Guidelines

Standard Aquatic Functional Checklist			
Name of Aquatic Area:			
Date:		Segment/Reach ID:	
Miles:		Acres:	
ID Team Observers:			
Yes	No	N/A	
Channel Structure, Function, and Diversity			
			Channel characteristics are adequate to dissipate energy. Channel and banks are relatively stable. Lateral erosion and/or channel incision are not accelerated. No evidence of excessive erosion, deposition, or movement of bed materials exists.
			Sinuosity, width/depth ratio, gradient, pool/riffle ratio, and other aspects of channel geometry are in balance with the landscape setting (e.g., landform, geology, and bioclimatic region).
			Size and type of substrate materials are appropriate for the site.
			Inputs of large organic debris from adjacent riparian system and subsequent incorporation into the channel are appropriate, considering regional norms for unimpacted sites.
			Banks are undercut, and roots of trees, shrubs, and grasses extend out into the stream.
Flow Regime			
			No evidence of unusual or extreme annual flow fluctuations compared to regional norms for unimpacted streams exists.
			Flushing flows occur regularly that are able to maintain channel geometry and flush accumulated fines downstream.
Biotic Community			
			The diversity of water types and substrate materials, and evidence of aquatic plant, animal, and invertebrate life, suggest the presence of a healthy biotic community.
			Riffle bed materials are not highly embedded with silt and sand. Fish spawning and use of rock undersides by insects and other invertebrates are possible.
			Streamflow is adequate during the low flow season to support the aquatic community. The stream section does not go completely dry.
Nutrient Inputs and Water Quality			
			No evidence of excessive nutrient enrichment (e.g., dense mats of algae) or other indicators of pollution (e.g., low overall taxonomic diversity and high numbers of individual species of macroinvertebrates, or kills of aquatic organisms) exists.
			Terrestrial and riparian inputs of leaves and other organic matter are appropriate, considering regional norms for unimpacted sites.
			Water temperatures are within regional norms for unimpacted streams.

Standard Uplands Functional Checklist			
Name of Upland Area:			
Date:		Location:	
Acres:			
ID Team Observers:			
Yes	No	N/A	
Infiltration			
			Vegetation canopy allows moisture from typical storm events to reach the soil surface.
			Standing vegetation captures blowing or drifting snow.
			Organic material (plant litter, standing vegetation) protects the soil surface from raindrop impact.
			Coarse fragments protect the soil surface from raindrop impact.
			Water is not restricted from infiltrating the soil surface (i.e., presence of organic material; absence of physical soil crusting, capping, surface sealing).
			Subsurface soil conditions support infiltration rates (i.e., compaction layers and evidence of frost heave are uncommon).
			Standing vegetation and plant litter detain overland flow and trap sediment.
			Surface roughness detains overland flow.
			Evidence of excessive overland flow (e.g., rills and gullies, pedestaling) is uncommon.
			Soil surface appears to be stable; evidence of excessive soil movement is uncommon.
Soil Moisture Storage			
			Plant cover and litter protect the soil surface from the evaporative effects of sun and wind.
			Plant communities present are efficient (not excessive) in their use of soil moisture (e.g., plant communities consistent with soil water-holding capacity, climatic conditions, and soil depth).
			Plants are vigorous and productive.
Safe Release of Water			
			Seeps, springs, and lower-order streams flow during drier seasons.
			Seeps, springs, and ephemeral drainages support vigorous stands of phreatophytic plants.
			Ephemeral drainages are stable (lack evidence of active downcutting and bankcutting).
Biological Activity and Nutrient Cycling			
			Biological breakdown of plant residues and other organic material (animal droppings) is apparent.
			The present plant community (species composition and structure) reflects a fully occupied root zone.
			Toxic chemicals affecting plant productivity (e.g., salinization, sodic, and salt crust) are not apparent.

IV. Proposed Changes in Grazing Fee Formula

A. Rationale for the Proposed Grazing Fee Formula

There are a number of alternative base values and alternative fee formulas that could be used to set fees for grazing on Federal lands. There have been numerous studies and much public debate as to what is a reasonable, fair, and equitable fee for grazing Federal lands.

There are several major considerations in establishing a Federal grazing fee. It should be based upon fair market value and comparable to fees paid for leasing private lands. The fee should provide the public a fair return for the use of public resources, but should not cause significant impact to the stability of dependent Western livestock industry and communities. The fee should recover a reasonable amount of the Government's administrative costs and be reasonably easy to administer.

Grazing fees for the BLM and Forest Service were set on a different basis until 1969, when a new system was developed to gradually equalize fees on these two agencies' lands. In 1978, Congress passed the Public Rangelands Improvement Act (PRIA), which established a grazing fee formula to be used on a trial basis through 1985. In the absence of Congressional action to establish a new grazing fee or fee formula, the PRIA formula has been extended by Executive Order each year since 1986.

The proposed formula is intended to correct the disparity between rates charged for livestock forage on private and Federal land. It includes a base value which reflects the non-fee cost of operating on public land compared with private land leases. The base value is adjusted annually in relation to change in the private land lease rates.

Base Value

There are two major sets of data that are reasonable estimates of the market value of Federal forage. The 1966 fee study and the 1983 grazing value appraisal. Updating these studies to 1991, the most recent year feasible is likely to yield the two best estimates of a reasonable grazing fee.

In the 1966 Western Livestock Grazing Survey (WLGS), 10,000 individuals were interviewed to determine the nonfee costs of operating Federal lands, as compared with operating on private land leases. Information on the private land lease rate was also collected. The WLGS determined that the westwide value for grazing Federal lands equalled \$1.23 per animal unit month (AUM) for 1966. Updating the \$1.23 to 1991 by the change in the private land lease rate index results in a westwide value of \$3.25 per AUM. This value accounts for the nonfee cost differences of leasing private as compared with public lands.

The second major set of data is the 1983 appraisal of the value of grazing on the BLM and Forest Service administered lands in 16 Western States (Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, and Wyoming). This appraisal involved data collected on approximately 100,000 leases and generated 7,246 useable records of fees paid for livestock grazing. The appraisal divided the 16 States into six pricing regions. The appraisers concluded that the value of public land grazing varied from \$4.68 per head month in the lowest value region (the Southwest) to \$8.55 per head month in the highest value region (the Northern Plains).

In May 1992, the BLM and the Forest Service submitted an update of the 1983 appraisal to Congress. The update, based on additional data for private grazing lease rates gathered during 1991, found no change in the value of grazing in the lowest value region. The 1991 appraised value of public land grazing varied from \$4.68 per head month in the Southwest to \$10.26 per head month in the Northern Plains. Table 1 reflects this appraisal range for the six western regions. As indicated, the values would range from \$5.05 to \$11.08 based on the 1993 appraisal update. The six regions are depicted on Figure 2.

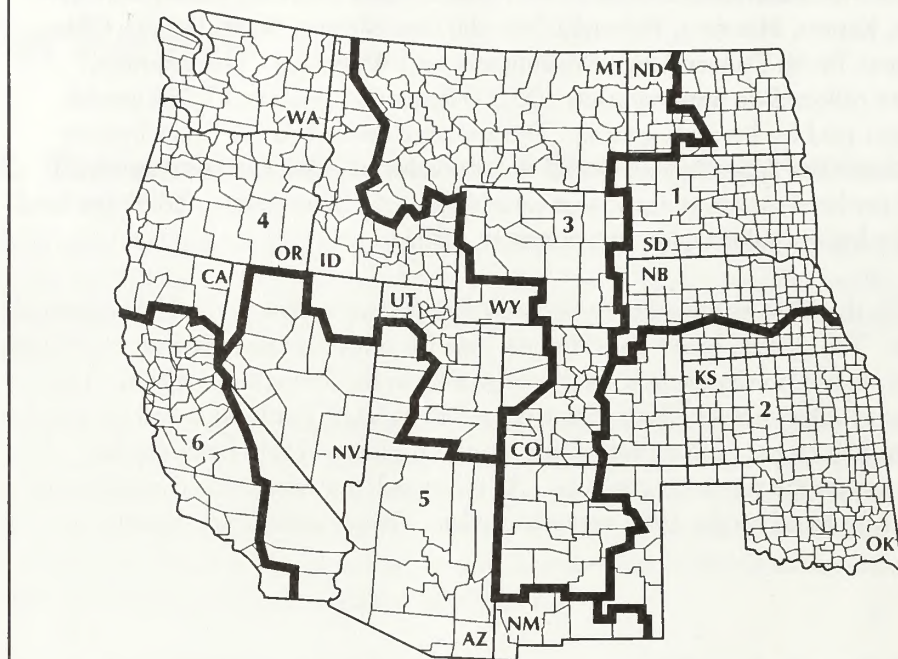
Table 1: Appraised Market Value of Grazing on Public Rangeland.

Region	1991	1993 (Projected)
1	\$10.26	\$11.08
2	6.39	6.90
3	7.74	8.36
4	6.39	6.90
5	4.68	5.05
6	6.85	7.40

The Southwest contains 33 percent of the total livestock AUM's on BLM and Forest Service lands. The maximum westwide grazing fee that can be collected without exceeding the appraised value for a significant portion of BLM and Forest Service grazing is \$4.68 per AUM. Any higher fee would exceed the appraised value for grazing in the Southwest.

There is no clear empirical basis for choosing between these two fee updates. The Department of the Interior/Department of Agriculture Economic Analysis Group recommended to the Secretaries that *a base value be set that represented the mid-point in the range of these two major alternatives. The average of \$3.25 (WLGS) and \$4.68 (Westwide appraisal) per AUM yields a 1991 base value of \$3.96 per AUM.*

Figure 2: Pricing Regions 1 through 6.



The \$3.96 per AUM value is consistent with the findings and recommendations of the 1993 unpublished study conducted by the Grazing Fee Task Force (GFTF) as part of the Incentive Based Grazing Fee Task Force Study. The GFTF included economists from four universities, an economist from the Forest Service and three appraisers from the BLM. The GFTF studied several methods for determining public land forage values. The methods include comparison of private forage market values with public land forage values, using the total cost approach which considers the difference between grazing costs on public and private land; a market appraisal approach; a statistical analysis of private leases; and a grazing permit value approach. The studies were conducted in Wyoming, Idaho, and New Mexico.

The major findings of this study include:

1. Total cost valuations yielded inconsistent results. The cost analysis demonstrated that many public land ranchers have paid more in total costs for grazing than the apparent value implied from the private forage market. Forage values estimated using the total cost approach were in the range of \$3 to \$4 per AUM for cattle grazing on BLM land. The results for Forest Service land suggests a negative value for grazing, which is inconsistent with the observed willingness of ranchers to pay the current fee.
2. The grazing permit value approach yielded a range of \$3 to \$5 per AUM in the three test States.
3. Using the Market Appraisal Approach, the estimated 1992 forage value was \$3.40 per AUM in New Mexico and \$7.19 per AUM in Wyoming. (An appraisal using this method was not made in Idaho.)
4. A market statistical analysis would not be possible for public lands.

The GFTF concluded that the value of public land forage does not differ in the three test States, with a value of between \$3 to \$5 per AUM. In keeping with this conclusion, the GFTF recommended that the fee should be set between \$3 to \$5 per AUM. The assessment relies heavily on the values implied from grazing permit values that provide a direct estimate of ranchers' willingness to pay.

In addition, it should be noted that the actual grazing fee in 1980 was \$2.36 per AUM on BLM administered lands and \$2.41 per AUM on Forest Service lands administered (the two agencies did not have the same fee until 1981). Updated for the general rate of inflation in the U.S. economy over the period 1980 to 1993, the 1980 fee, expressed in constant 1991 dollars, was equal to \$3.85 per AUM for BLM administered lands and \$3.93 per AUM for Forest Service administered lands. Therefore, the base fee in 1991 of \$3.96 would be almost the same as the fee charged by the BLM and the Forest Service in 1980.

Forage Value Index

The proposed fee formula would index the base value by the Forage Value Index. The FUI is derived by comparing the current years annual rental rate for pasturing livestock in private lands with the three year (1990-1992) average for pasturing livestock on private lands. In the future, if the private land lease rate changes in 17 Western States (Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming), the Federal grazing fee would change correspondingly. The fee would be adjusted annually in relationship to the private land lease rate market.

Indexing the base value by only the Forage Value Index is supported by the conclusions of Incentive Based Grazing Fee Task Group. They concluded that the indexes in the Public Rangeland Improvement Act (PRIA) fee formula have caused the grazing fee to fall behind forage value. A 1991 General Accounting Office study essentially concluded the same thing by stating that the "Relative low fees are an inherent result of the existing formula's design."

Other Considerations

In addition to market value, an important criterion for a fee formula is that it be easy to administer and to understand. One fee that can be applied westwide to all BLM and Forest Service lands is easiest to administer especially as compared to charging different fees by region, carrying capacity or some other variable basis. Indexing the base value by one index, the private land lease rate, is also easy to administer and generally understandable.

The fee level should also help stabilize the Western livestock industry. A base level of \$3.96 meets this criterion, since it is lower than the lowest regional appraisal value of the 1992 update of the 1983 appraisal. It is proposed that the fee would not vary more than 25 percent from the previous year's fee, which would limit year-to-year impacts. In

addition, the proposed fee would cover most of the cost of the range program provided the demand for forage is sustained at the higher fee.

Finally, a number of other alternatives covering a wide range of methodologies were evaluated as a means to establish a new base value and grazing fee. These alternatives and others that may be submitted during public comment periods will be reflected and analyzed in the Draft Environmental Impact Statement.

B. The Proposed Fee and Phase-In

Appropriate Fee Range

The initial fee methodologies analyzed by the Departments of the Interior and Agriculture would result in a 1993 grazing fee range of \$3.51 to \$9.39. This range excludes the current fee formula, which has resulted in a fee far below market value. It also excludes a regional fee structure, also evaluated, which would result in fees as high as \$11.08 for 1993 in the Northern Great Plains.

The analysis clearly pointed to an appropriate range of \$3.51 to \$5.05 for a 1993 base fee. It is this range which became the focus of further analysis. The mid-point within this range was selected to serve as a basis for establishing a future fee structure.

Proposed Fee

Consistent with the above described range of \$3.51 to \$5.05, the Secretary of the Interior is seeking comments on the following proposed formula:

$$\text{Grazing Fee per AUM} = \$3.96 \times \text{Forage Value Index}$$

Grazing fee = the fee determined by the Secretary to be reasonable and equitable to the United States and to the holders of grazing permits and leases.

\$3.96 = The base value established for 1991 by averaging \$3.25 and \$4.68.

FVI = "Forage Value Index" is the weighted average estimate (weighted by Federal AUM's) of the annual rental charge per AUM for pasturing cattle on private rangelands in 17 contiguous Western States (current value) divided by \$8.67 (average for the years 1990, 1991, and 1992). The \$8.67 is the average of the weighted average of the 1990 value of \$8.31, the 1991 value of \$8.31 and the 1992 value of \$9.39. The current 17-State weighted average value is determined by weighing each of the 17 States' private grazing land lease rate (PGLLR) by its respective AUM's.

$$\text{Forage Value Index} = \frac{\$9.39}{\$8.67} = 1.08$$

Using the proposed grazing fee formula, the fee for the 1993 grazing season would have been:

$$\text{1993 Grazing Fee} = \$3.96 \times 1.08 = \$4.28$$

Other grazing fee formula options considered in developing this proposal will be discussed in detail in the Draft Environmental Impact Statement, as indicated above.

Phased Implementation

The new fee structure would be phased in over 3 years. Assuming the 1993 FVI remained the same over 3 years, the grazing fee for year 1 would be \$2.76. The grazing fee for year 2 would be \$3.52. And the grazing fee for year 3 would be \$4.28. Any annual increase or decrease in the grazing fee would be limited to not more than plus or minus 25 percent of the previous year's fee after the base value is phased in.



To receive future *Rangeland Reform '94* documents, please read this page:

This preliminary rangeland reform document outlines proposed changes to current livestock grazing regulations. Once comments on these proposed changes are considered and analyzed, the BLM will issue proposed regulations.

In conjunction with this effort, the BLM will develop a Draft Environmental Impact Statement which will analyze alternatives and impacts of the proposed changes to regulations.

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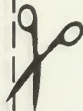
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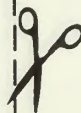
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